



# Draft Design and Monitoring Framework

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## Proposed Loans and Technical Assistance Grant Islamic Republic of Pakistan: Second Balochistan Resource Management Program

A design and monitoring framework is an active document, progressively updated and revised as necessary, particularly following any changes in project design and implementation. In accordance with ADB's public communications policy (2005), it is disclosed before appraisal of the project or program. This draft framework may change during processing of the project or program, and the revised version will be disclosed as an appendix to the report and recommendation of the President.

Asian Development Bank

## DESIGN AND MONITORING FRAMEWORK


Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanism	Assumptions and Risks
<p><b>Impact</b> Higher and sustained economic growth in Balochistan with lower poverty incidence.</p>	<p>Balochistan Provincial GDP growth increased from 2% in 2005 to 5% in 2015.</p> <p>Poverty incidence in Balochistan decreased from 33% in 2005 to 25% in 2015</p>	<p>Economic and statistical reports by the Federal and GoB agencies, World Bank and IMF.</p> <p>Multiple Indicator Cluster Survey</p>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• Sustained strong economic performance of Pakistan</li> <li>• Complementarity between Federal and Provincial Government economic policies maintained</li> <li>• Political stability in Balochistan is attained and maintained.</li> <li>• Peace and order in Balochistan improves</li> <li>• Strong commitment and continued ownership of GoB of the reform process</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Macroeconomic environment affected by political shocks</li> <li>• Delays in implementation of reforms due to weak capacity and lack of coordination</li> </ul>
<p><b>Outcome</b> Government is able to improve its efficiency in public resource management.</p>	<p>By 2011, own-source revenues increased to 14% of total revenues.</p> <p>By 2011, share to provincial spending in health and education sectors increased to 10% and 25% respectively.</p> <p>By 2011, ___% of pension payments met by returns from pension and general provident fund investments.</p>	<p>Economic and statistical reports by the Federal and GoB agencies, World Bank and IMF.</p> <p>Annual development performance reports by GoB</p> <p>Asian Development Bank (ADB) review missions</p>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• Effective policy dialogue between ADB, GoB and key stakeholders is maintained</li> <li>• Departments remain committed to the reform process</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Vested interests weaken fiscal discipline</li> </ul>
<p><b>Outputs</b></p> <p>1. Fiscal and financial management improved and made more efficient.</p>	<p>Revenue administration reforms in the collection of stamp duties,</p>	<p>Provincial budget documents</p>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• Revenue agencies committed to reforms</li> </ul>

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	<p>property tax, capital - gains tax and motor vehicle tax implemented by 2010.</p> <p>Excise and Taxation Department restructured and business processes revised by 2010.</p> <p>Revenue and expenditure monitoring system of the Finance Department fully operational by 2010.</p> <p>Fiscal responsibility framework implemented by 2010.</p> <p>Accounting, reporting and reconciliation of GoB financial accounts made more transparent, timely and regular by 2010.</p> <p>PETS implemented in at least 10 districts by 2010.</p> <p>B-PRSP II and medium-term economic strategy adopted by 2008.</p>	<p>B-PRSP II</p> <p>Reports of the Finance Department, and Planning and Development Department</p> <p>Reports of the Accountant General Office</p> <p>PETS results</p> <p>ADB review missions</p>	<ul style="list-style-type: none"> <li>• Economic stability is attained to maintain the revenue base</li> <li>• Sufficient capacity developed in departments and local governments to undertake budget preparation</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Rent-seeking activity in revenue agencies continues</li> <li>• Resistance from department staff to organizational change</li> <li>• Weak coordination between Finance and Planning and Development Departments</li> </ul>
<p>2. Pension and general provident fund system for the civil service made financially sustainable</p>	<p>Legal and regulatory framework for pension and general provident investment funds approved by 2008.</p> <p>Fund accumulation in pension fund increased from ____ in 2008 to ____ in 2010.</p> <p>Automated and transparent system for pension and general provident funds recording is operational by 2010.</p> <p>Actuarial cell in Finance Department notified by 2010.</p>	<p>Pension and general provident funds</p> <p>Official copies of laws and rules and regulations</p> <p>Pension and general provident fund records of the Accountant General Office</p> <p>Fund/investment management reports</p> <p>ADB review missions</p>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• Qualified personnel engaged for pension and general provident funds</li> <li>• Pension and General Provident Fund records are accurate</li> <li>• IT infrastructure supports pension reform</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Weak coordination between Finance Department and Accountant General Office</li> <li>• Non-establishment of DAO Offices in districts.</li> </ul>

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<p>3. Private sector involvement in minerals sector development facilitated.</p>	<p>Contract negotiation cell in Mines and Mineral Department established by 2008 and made operational by 2009.</p> <p>Idle mining claims rationalized by 2010</p> <p>Information on all mining and mineral investments consolidated by 2010.</p>	<p>Notifications</p> <p>Advertisement of idle mining claims</p> <p>Policies on idle mining claims</p> <p>ADB review missions</p>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>Qualified personnel engaged for contract negotiation cell</li> <li>Comprehensive database on mining claims</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Vested interests prevent rationalization of idle mining claims</li> <li>Resistance from department staff to organizational change</li> </ul>
<p>4. Service delivery in education and health made more responsive to public needs.</p>	<p>Focal units to coordinate training in education and health sectors established and operational in Education and Health Departments by 2010.</p> <p>Guidelines on PPP contracts for education and health sectors adopted and implemented by 2010.</p> <p>QSDS undertaken in at least 15 districts by 2010.</p> <p>Performance grants provided for use of non-salary expenditure allocation norms in line with MSDS by 2010</p>	<p>Notification of focal units</p> <p>Annual reports of Education and Health Departments</p> <p>QSDS results</p> <p>Guidelines for education and health sector PPPs</p> <p>PFC reports on performance grants.</p> <p>ADB review missions</p>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>Qualified staff are available to serve in districts</li> <li>Sufficient access to remote districts to conduct QSDS</li> <li>Adequate capacity in district governments to implement expenditure norms.</li> <li>Department secretaries has ownership of training coordination initiatives</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>High turnover rate of employees remain</li> <li>Non-viability of PPP/PSP projects due to lack of commercial viability</li> <li>Intra-department conflicts prevent effective training coordination</li> </ul>
<p><b>Activities with Milestones</b></p> <p>1.1 Remove legal impediments to the use of stamp duty valuation tables and annual rental value tables (August 2008)</p> <p>1.2 Implement stamp duty valuation tables and annual rental value tables (SP2)</p> <p>1.3 Coordinate collection of stamp duty and capital gains tax (August 2008)</p> <p>1.4 Automate collection of motor vehicle tax (SP2)</p> <p>1.5 Establish revenue unit in Finance Department (August 2008)</p> <p>1.6 Develop revenue and expenditure monitoring system (SP2)</p> <p>1.7 Adopt joint budget protocols on current and development expenditures (August 2008)</p> <p>1.8 Adopt Fiscal Responsibility Framework (SP2)</p> <p>1.9 Adopt new PFC 3-year award for FY2009-12 (SP2)</p> <p>1.10 Prepare rolling medium-term revenue and expenditure projections (SP2)</p> <p>1.11 Adopt Balochistan PRSP II and medium-term economic development strategy</p>			<p><b>Inputs</b></p> <p><b>ADB:</b></p> <ul style="list-style-type: none"> <li>BRMP II SP1 amounting to \$75 million</li> <li>BRMP II SP2 amounting to \$100 million</li> <li>TA grant of \$800,000 to implement BRMP II, providing consulting services</li> </ul>

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanism	Assumptions and Risks
<p>(September 2008)</p> <p>1.12 Strengthen accounting, reporting and internal control procedures (September 2008/SP2)</p> <p>1.13 Conduct PETS in at least 10 districts (SP2)</p> <p>2.1 Establish pension and general provident funds (Done)</p> <p>2.2 Organize Pension and GPF administration task force (July 2008)</p> <p>2.3 Draft action plan to expand pension and GP services to all districts (SP2)</p> <p>2.3 Create actuarial cell in Finance Department (SP2)</p> <p>3.1 Establish contract negotiation cell in Mines and Minerals Department (September 2008)</p> <p>3.2 Review idle mining claims (SP2)</p> <p>3.3 Consolidate information on all mining and mineral investments (SP2)</p> <p>4.1 Review HR training in education and health sectors (SP2)</p> <p>4.2 Establish focal units in Education and Health Departments for HR training coordination (SP2)</p> <p>4.3 Conduct QSDS in at least 15 districts (SP2)</p> <p>4.4 Adopt PPP contract guidelines for education and health sectors (SP2)</p> <p>4.5 Announce performance grants based on use of non-salary expenditure allocation norms in line with MSDS (SP2)</p>		<p>of 20 person-months of international and 7 person-months of national consulting services</p> <ul style="list-style-type: none"> <li>• ADB review missions</li> </ul> <p><b>Government:</b></p> <ul style="list-style-type: none"> <li>• TA counterpart financing of \$200,000 for counterpart support, training and workshop facilities and office accommodation.</li> </ul>	

Note: Blanks will be filled up once information is obtained.


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